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18 MAY 1978

Guidelines

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: Acting Legislative Counsel

SUBJECT: GAO Audits and Program Reviews

REFERENCE: Your Memorandum to General Counsel,
Legislative Counsel, and Deputy Director
for Resource Management; Subject: GAO
Audits; dated April 28, 1978

1. You have asked for my comments on your memorandum relating the results of your lunch with Comptroller General Staats.

2. Our current policy vis-a-vis GAO is divided into two parts: 1) substantive non-compartmented intelligence; and 2) compartmented information which deals both with substantive intelligence which might reveal sources and methods and information on sources and methods. Admiral Turner has agreed to discuss with GAO, on a case-by-case basis, requests for non-compartmented substantive intelligence and to provide such information to the degree necessary to enable GAO to accomplish its mission. On compartmented substantive intelligence revealing sources and methods and information on sources and methods, the policy has been to deal not through GAO but only with the congressional committee requesting the GAO study. This, of course, eliminates self-initiated GAO audits and reviews involving compartmented and operational matters.

3. The implementation of the above mentioned policy has led to a stand down to date on providing compartmented and operational information to GAO. However, it is obvious from your conversation with Staats that this policy has not been totally accepted by him and GAO staffers continue to request compartmented clearances. The latest

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request was received on 15 May for two SI-TK clearances for GAO staffers, which they need in order to review compartmented material on terrorism at State. The material in State's possession is 99 per cent CIA's and State has indicated that they have already given them sufficient declassified information to satisfy their needs, but GAO still insists on seeing the compartmented information. On this latest request, we have indicated that we are reviewing our policy and would advise them as soon as we have completed our review.

4. It appears to me that before making any changes in the above policy, we should test the water with our oversight committees to determine what support we can expect for the above policy. While Staats indicated to you that he would have the backing of our oversight committees, my impression from the committees is to the contrary. I believe that if we can get our committees to focus on this issue, they will take the position that GAO should run their requests for compartmented information through the oversight committees, as proposed in S. 2525. Otherwise, they will lose some control over matters under their jurisdiction, i.e., an incursion into their turf by GAO. If we are unable to obtain committee backing for our policy, then our best bet would be to negotiate a change in our policy along the lines suggested in your memo.

5. Your proposal, as I understand it, would be to handle all GAO requests, including those involving compartmented matters, on a case-by-case basis not just the requests for non-compartmented substantive intelligence. Under this proposal, we would still have the knotty problem of developing policy guidelines which could be applied on a case-by-case basis. Such guidelines would have to address the issue of just how far we should go in providing compartmented information which might reveal sources and methods and whether GAO self-initiated studies are to be treated the same as studies based on congressional requests.

6. Once such policy guidelines were formulated, the mechanisms for security control as set out in paragraph 4 of your memo could be worked out. One area mentioned by Staats which I do not fully understand is his willingness not to circulate his reports to third agencies. If this would include not circulating reports to committees of Congress then I do not see what Staats is accomplishing with respect to his role as the investigating arm of Congress. If he intends for Congress to get such reports, then why would he not be willing to follow the procedures suggested in S. 2525?

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7. The bottom line, of course, is just how far you and Admiral Turner feel we need to recede from our current policy. Our recommendation in the past has always been to maintain the current policy, but perhaps make some movement in the financial audit side, which Staats apparently is willing to defer to charter legislation. Given your concerns with Staats' adamant position on having access to compartmented information, perhaps its time to modify our policy.

SIGNED

[Redacted Signature Box]

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